



Expiration Date: Until Withdrawn

DEPARTMENT OF MANAGED HEALTH CARE
980 Ninth Street, Suite 500
Sacramento, CA 95814

July 10, 2003

DEPARTMENT ADVICE NUMBER 03-05

TOPIC: Unilateral Amendments to Contracts: Manual Policy or Procedure Documents

Subject Matter:

The "Health Care Providers' Bill of Rights" (Health and Safety Code Section 1375.7) which was added by AB 2907 (Chap. 925, Stats. 2002) prohibits certain types of provisions and practices in contracts between health care service plans (plans) and health care providers (providers). The provisions of AB 2907 became effective January 1, 2003.

Action:

As discussed in the Department's Advice No. 03-03, silence or inaction by a provider will not constitute acceptance of a proposed material change to a contract subject to the provisions of paragraph (A) of subdivision (b)(1). Material changes to these contracts must first be negotiated and agreed to by the provider. Silence or inaction on the part of the provider for preferred provider contracts subject to the provisions of paragraph (B) of subdivision (b)(1) shall constitute acceptance so long as the plan provides at least 45 business days notice to the provider of the change and the provider has the right to terminate the contract prior to the implementation of the change.

However, paragraph (A) of subdivision (b)(1) does permit all plans, including specialized plans, to make changes to a manual, policy, or procedure document referenced in the contract, so long as the plan provides 45 business days notice to the provider and the provider has a right to negotiate the change. If the plan and the provider cannot agree to the change in the manual, policy or procedure document, the provider has the right to terminate the contract prior to the implementation of the change. Silence or inaction by the provider prior to the implementation of the change to the manual, policy or procedure document can constitute acceptance of the proposed change. The parties may mutually agree to waive the 45 business day requirement.

Further Information:

Authority: Health and Safety Code Section 1375.7.

For further information, please contact Sherrie Lowenstein at (916) 322-5874.